



County of Los Angeles
CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
(213) 974-1101
<http://ceo.lacounty.gov>

WILLIAM T FUJIOKA
Chief Executive Officer

August 12, 2009

To: Supervisor Don Knabe, Chairman
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Michael D. Antonovich

From: William T Fujioka
Chief Executive Officer

Board of Supervisors
GLORIA MOLINA
First District

MARK RIDLEY-THOMAS
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

A PLAN TO FUND AUDIT SERVICES TO ULTIMATELY REDUCE THE RISK OF COUNTY DEPARTMENTS' FISCAL NON-COMPLIANCE AND EMPLOYEES' OR CONTRACTORS' FRAUDULENT ACTIVITIES

On June 15, 2009, on the motion by Supervisor Knabe, the Chief Executive Office, in conjunction with the Auditor-Controller, was directed to report back within 60 days with a plan to fund services such as compliance audits, mandated reviews, Countywide contract reviews, and fraud investigations to reduce the risk of County departments' fiscal non-compliance and employees' or contractors' fraudulent activities.

This memo provides a status report on our progress to date. On July 23, 2009, our Office met with the Auditor-Controller to discuss possible funding options. One suggestion was to remove on-going net County costs out of the general fund departments into the Auditor-Controller's budget, thus eliminating the monthly billing process from the Auditor-Controller to general fund departments for audit services. However, this suggestion only funds a portion of the Auditor-Controller's needs and would still leave a shortfall in the Auditor-Controller's budget. Another suggestion brought forth during the meeting was to set aside some one-time money to be used for Board ordered audits for that fiscal year. A base amount would be determined from the average costs of Board ordered audit over a certain time period. Any money left from one fiscal year could be carried over into the following year and new funds would be added to achieve the base amount.

While the above and other options are under consideration, we would like to come back to your Board with a final recommendation during the Supplemental budget.

If you have any questions, please contact me or your staff may contact Deputy Chief Executive Officer, Ellen Sandt at (213) 974-1168 or esandt@ceo.lacounty.gov.

WTF:ES
GS:LM:cg

c: Auditor-Controller
Executive Office of the Board of Supervisors

K:\Board Memos\CEO Board Memos Word\8-12-09 Plan to fund audit services.doc

"To Enrich Lives Through Effective And Caring Service"

**Please Conserve Paper – This Document and Copies are Two-Sided
Intra-County Correspondence Sent Electronically Only**